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## COUNCIL ON WAGE AND PRICE STABILITY

A revised pay and price standards implementation guide and additional questions and answers to help explain the wage and price guidelines have been issued by the Council (see the 1/25/79 Fed. Reg., pp.5340-66). The revised guide is designed to explain and clarify the concepts used in the voluntary pay and price standards published in the 12/28/78 Fed. Reg., at p.60772 and to illustrate methods individual firms can use to determine compliance with the standards. The additional questions and answers provide further information on the coverage and computation of the price and pay standard, problems of special sectors which include professional fees, and reporting and notification procedures. One Council answer that may serve as a warning to companies to comply with the voluntary program, states that if a company fails to file requested reports, this may prompt further investigation of its operations by the Council.

In a related matter, the Council has also issued final rules concerning organization, location of offices, and confidential information (see the 1/25/79 Fed. Reg., pp.5328-39). The rules provide information on council staff, offices, and hours and division responsibilities. The new regulations on confidential data reflect the strong provisions of the Council on Wage and Price Stability Act. Confidential data cannot be released by the Council pursuant to a Freedom of Information Act request and is protected from disclosure to other Federal agencies. In addition, the regulations permit a person to submit information conditionally subject to a determination by the Council that it can be treated as confidential. If the Council determines that it cannot be so treated, the information will be returned. For further information on the rules, contact Ray Nurinberg at 202/456-6210.

## FEDERAL ELECTION COMMISSION

State and local election administration will be the subject of a 3-day seminar beginning on 1/29/79, sponsored by the Commission's National Clearinghouse on Election Administration. During the course of the meetings, members of the FEC Clearinghouse Advisory Committee will discuss a series of panels relating to election procedures throughout the nation. All of these meetings are open, and public participation in discussions and panel sessions is invited. The seminar begins at 9:00 a.m. in the Washington Hotel, Washington, D.C.

## FEDERAL RESERVE BOARD

A policy statement regarding expanded rulemaking procedures has been issued by the Board (see 1/19/79 Fed. Reg., pp.3957-59). According to this statement, the Board has adopted a general policy of soliciting greater public participation in the development of its regulations and earlier involvement by Board members in the process to assure that new regulations are not unduly burdensome or complex. The Board is also attempting to improve public understanding of the considerations behind its regulations. However, the Board reserves the right to employ more expedited regulatory procedures in certain cases. Comments on this statement should be submitted by 3/20/79. For additional information, contact Jerauld C. Kluckman at 202/452-3401.

## GENERAL ACCOUNTING OFFICE

Security programs for Federal government computer systems handling sensitive material are seriously deficient according to a recent GAO report. The report covered operations in 10 agencies, including the Energy Research and Development

Administration, Small Business Administration, and the Social Security Administration. Its main focus is on weaknesses in the agencies' management controls systems in such areas as independent internal audits, monitoring and reporting, and risk analysis. Deficiencies in security safeguards included the lack of audit trails, inadequate personnel, and non-coverage of relevant data. GAO also reviewed agency compliance with OMB directives on automated systems security and recommended that OMB arrange for independent reviews of security systems by field experts. Both GAO and OMB have agreed that agency inspectors general could appropriately assume some of the responsibility for the security function. Entitled "Automated Systems Security -- Federal Agencies Should Strengthen Their Safeguards Over Personal and Other Sensitive Data", this report is available from the GAO at no charge for single copies (LCD-78-123).

#### HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

"Problems In Auditing Medicaid Nursing Home Chains" is a recent report which discusses the need for improved coordination in making onsite audits of headquarters offices of nursing home chain organizations which participate in the Medicaid program. This GAO report concludes that HEW's Health Care Financing Administration should provide for the exchange of headquarters audit results among all affected Medicare intermediaries and State Medicaid agencies, and establish procedures to assign responsibility for each nursing home chain headquarters audit to a Medicare intermediary or State Medicaid agency. Single copies of this report are available free from the GAO (HRD-78-158).

Final regulations setting forth the requirements for grant programs for medical and dental schools were published in the 1/22/79 Fed. Reg., pp.4471-78. The regulations provide for audits of grantees to be performed in accordance with the requirements of 45 CFR Part 74 and section 705 of the Public Health Service Act. These regulations were effective upon publication. Additional information is available by contacting Dr. Richard Weaver at 301/436-6510.

Final rules on the basic educational opportunity grant program appeared in the 1/25/79 Fed. Reg., pp.5258-86. The rules include an audit and examination provision requiring that Federal audits on non-Federal audits be performed in accordance with HEW's "Audit Guide" for the Basic Grant Program. Such audits may be conducted by independent private accounting firms. For more information contact William Moran at 202/472-4300.

#### LABOR, DEPARTMENT OF

A class exemption allowing the sale of insurance and annuity contracts to an employee benefit plan by an insurance agent or broker who is the employer with the plan, under certain conditions, has been proposed by the DOL and IRS. The proposal would also allow for the receipt of commissions derived from such sales. Under the exemption, a plan could not pay more than a sufficient consideration for the annuity or insurance contract, and commissions received by the agent or broker in any one year for sales covered by the exemption could not exceed 5% of the total commissions received by that broker or agent in that year.

#### MUNICIPAL SECURITIES RULEMAKING BOARD

The 1977-1978 Annual Report of the Board is now available. Covering the third year of the Board's existence, the report focuses on the final stages of rule-

writing for municipal securities regulation and the changing role of the Board now that those rules have been filed with the SEC. Copies of the report may be obtained by calling the Board at 202/223-9347.

#### OFFICE OF MANAGEMENT AND BUDGET

Another proposed subpart of the draft Federal Acquisition Regulation has been released for comment (see 1/25/79 Fed. Reg., pp.5164-65). Those subparts now available concern the establishment of administrative mechanisms for maintenance and control of the FAR system, contracting methods, and contract administration. Comments are due by 3/22/79 and further information is available by contacting William Maraist or Strat Valakis at 202/395-3300.

#### PENSION BENEFIT GUARANTY CORPORATION

Legislation to simplify and clarify several of ERISA's provisions has been reintroduced by Sens. Williams (D-NJ) and Javits (R-NY) with some changes and additions to the version proposed in the last session of Congress. The ERISA Improvements Act of 1979 (S.209) would eliminate the requirement that summary annual reports be furnished to plan participants and a provision would be substituted under which participants would be notified that annual reports have been filed and copies are available from the plan administrator and the DOL. The bill also includes a provision prohibiting misrepresentations to employees about the terms and provisions of a plan, the plan's financial state, or an employee's status under the plan as protection against fraud. Among the new provisions added to the bill is a preemption of state laws, a limited deduction for employee contributions to a qualified pension plan for employees who also contribute to an IRA, and a provision allowing for the use of defined benefit plans. Hearings on this proposal have been scheduled for 2/6-2/8/79 by the Senate Human Resources Committee.

#### SECURITIES AND EXCHANGE COMMISSION

Proposed rules that would prohibit the falsification of corporate books and records will be considered by the Commission at an open meeting to be held on 1/31/79 at 10:00 a.m. The Commission will discuss proposed Regulation 13B-2 which in addition to prohibiting false records would prohibit the making of materially false, misleading, or incomplete statements to an accountant in connection with an audit of the financial statements of an issuer or the filing of required reports. The proposed rules were published for comment in Rel. 34-13185 on 1/19/77. For further information contact Frederick B. Wade at 202/755-1229.

The membership of the Advisory Committee on Oil and Gas Accounting has been announced. The 21 members include representatives from the accounting profession, finance, the oil and gas industry, and academia. The first meeting of the Advisory Committee will be held at 9:30 a.m., 1/30/79 at the Commission's headquarters in Washington, D.C. The meeting will be open to the public. For further information contact James Russell at 202/755-0222.

#### TREASURY, DEPARTMENT OF

Final rules on advertising and solicitation have been issued by the Treasury and the IRS (see the 1/24/79 Fed. Reg., pp.4940-46). The rules amend the

advertising and solicitation provisions governing practice by CPAs, attorneys, enrolled agents and others who represent clients before the IRS. The purpose of the amendments is to permit the expansion of advertising by IRS practitioners based on recent judicial interpretations. Permissible advertising under the rules includes the communication of the name, address, telephone number, and office hours of the practitioner, names of firm associates, a factual description of services offered, acceptable credit arrangements, foreign language ability, professional organization membership, and a statement that a practice is limited to certain areas. Certain restrictions on solicitation are included in the final rules which will be effective as of 2/24/79. For further information contact Leslie Shapiro at 202/376-0767.

The President's Budget for fiscal year 1980 contains several tax proposals. While real wage insurance is the only major tax initiative in the new budget, other proposed tax changes include:

- Modification of the carryover-basis provision. The carryover requirements would apply to decedents dying after 12/31/79 but smaller estates would be exempt and transitional rules would be simplified.
- Taxation of fringe benefits - Proposals would be submitted to help Congress develop standards taxing fringe benefits after 12/31/79.
- Independent contractors - Legislation will be proposed to clarify the distinction between employees and independent contractors. The distinction would apply for tax years beginning after 12/31/79.

Final rules have been issued on income from certain dividends from Domestic International Sales Corporations (DISCs). The regulations affect all DISCs and all taxpayers who are shareholders of DISCs. The regulations are effective for taxable years beginning after 12/31/75. For more information contact Diane Renfroe at 202/566-3289.

Hearings on the administration's proposed real wage insurance program will begin on 1/29/79 before the House Ways and Means Committee. Treasury Secretary Blumenthal will be lead offwitness at the hearing which are scheduled to last six days. The proposal would protect workers who have remained within the wage guidelines if inflation exceeds 7 percent.

Final rules and temporary regulations on investment credit employee stock ownership plans (TRASOPs) have been published in the 1/19/79 Fed. Reg., pp.4128-45. The rules apply to taxpayers electing the 11 percent investment tax credit for TRASOPs under the Tax Reduction of 1975 and the Tax Reform Act of 1976. The final rules clarify various procedural requirements such as TRASOP funding, election, and voting rights. For more information on both the final rules and the temporary regulations, contact Thomas Rogan at 202/566-3589.

Additional publications are available from IRS local offices to aid practitioners in preparing 1978 returns. They include "Withholding and Declaration of Estimated Tax" (Pub. 505), "Tax Information for Homeowners" (Pub. 530), "Tax Information on Deductions for Bad Debts" (Pub. 548), "Tax Information on Partnership Income and Losses" (Pub. 541), "Tax Information on Pension and Annuity Income" (Pub. 525). In addition, practitioners may also find Pub. 509, "Tax Calendar & Check List for 1979" beneficial. It contains a daily listing of all tax deadlines for 1979. In addition, it provides a

check list of some of the Federal taxes and returns for which a sole proprietor, a partnership, or a corporation may be liable.

SPECIAL: SMALL BUSINESS CONFERENCE COMMISSION TO MEET

An open meeting of the Small Business Conference Commission has been announced for 2/13/79 (see 1/23/79 Fed. Reg., pp.4766-67). The meeting will be for the purpose of discussing in an introductory manner recommendations for issues to be considered by the Commission. The meeting is scheduled to take place in Room 2010 of the New Executive Office Building, Washington, D.C., from 9:00 a.m. to 1:00 p.m. To make reservations to attend, contact Cynthia Howar, Commission Liaison, White House Conference on Small Business, 703 Jackson Place, NW, Washington, D.C. 20506 prior to 2/6/79.

For further information contact:  
Susan Retter or Steven Woolf  
202/872/8190

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